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Craig W. Christensen (ISB #2086)  
**CRAIG W. CHRISTENSEN, CHARTERED**  
414 South Garfield  
P.O. Box 130  
Pocatello, Idaho 83204-0130  
Telephone: (208) 234-9353  
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Attorneys For: Western Farm Service, Inc.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF IDAHO

In the Matter of	)	Bankruptcy No. 03-41318
	)	
LYNN KETTERLING AND JEANNE	)	PROOF OF CLAIM
KETTERLING, d/b/a Ketterling	)	
Farms,	)	
	)	
Debtors.	)	
	)	

1. The undersigned, who practices law at 414 South Garfield, Pocatello, Idaho, 83204, is the agent of Western Farm Service, Inc., P.O. Box 47, Jerome, Idaho 83338, and makes this Proof of Claim on behalf of the Claimant.

2. The Debtors were as of June 29, 2003, and still are indebted to this Claimant in the sum of \$102,517.67, comprised of a principal balance of \$86,721.76 and accrued interest of \$15,795.91.

3. The consideration for this debt is the supplying of fertilizer, chemical, and other supplies to Debtors.

4. Copies of the writings upon which this claim is founded are attached hereto.

PROOF OF CLAIM

14

5. No judgment has been rendered upon the claim.
6. The amount of all payments on this claim has been credited and deducted for the purpose of making this Proof of Claim.
7. This claim is not subject to any setoff or counterclaim.
8. No security interest is held for this claim except Security Agreement executed on May 4, 2000, pertaining to the following:
  - (a) Machinery, equipment, motor vehicles, supplies, tools, parts, accessories, or replacements and goods of every kind and description now owned or hereafter acquired, and all proceeds thereof.
  - (b) Accounts and Chattel Paper, including but not limited to accounts, revolving fund credits, patronage dividends, chattel paper, leases, conditional sales contracts, and government program payments or subsidies in whatever form.
  - (c) Inventory, including any and all goods, now owned or hereafter acquired by Debtor, which may be held for sale or lease, furnished under any contract for sale or as raw materials, work-in-process, or supplies, and all materials used or consumed in Debtor's operation, including but not limited to harvested crops, feed, seed and livestock held for resale.
  - (d) Instrument and Documents, including all negotiable and non-negotiable instruments, documents and securities and any other writings which evidence the right to the payment of money which are not in themselves, security agreements, or leases, and are of a type which is, in the ordinary course of business, transferred by delivery with any necessary endorsements or assignments, including but not limited to stocks, bonds, bills of sale, warehouse receipts, and payment in kind and/or generic commodity certificates.
  - (e) General Intangibles, including but not limited to all licenses, franchises, leases, grazing privileges, permits, water rights, brands, milk and quantity base certificates or quota rights, revolving fund credits, patronage dividends, marketing agreements, and government program payments or subsidies in whatever form.
  - (f) Proceeds, including all cash or non-cash proceeds of the sale or other disposition of collateral or accounts

receivable or general intangibles arising therefrom. "Proceeds" includes all subsidy payments, in cash or in kind, which may be made to Debtor by any person, entity, or governmental agency, including, but not limited to, payments and entitlements from state and federal farm programs as well as any type of collateral insurance.


9. The undersigned claims a security interest under the writings referred to in paragraph 4 hereof, a duplicates of which are attached hereto. Evidence of perfection of such security interest is also attached hereto.

- (a) UCC-1 Financing Statement recorded May 24, 2000, as Instrument No. B-870734 in the office of the Secretary of State of the State of Idaho.
- (b) UCC-3 Financing Statement recorded June 21, 2000, as Instrument No. B-6360609 in the office of the Secretary of State of the State of Idaho.

10. This claim is filed as a secured claim.

DATED This 22<sup>nd</sup> day of July, 2003.

CRAIG W. CHRISTENSEN, CHARTERED

By   
Agent and Attorney

## Note and Loan Agreement

(Operating)

Customer/Note No: 100090 - 141

Date: May 4, 2000

On June 1, 2001, FOR VALUE RECEIVED, the undersigned ("Borrower") as principals, jointly and severally promise to pay to WESTERN FARM/IDAHO-KEYT ("Lender"), at its office in Denver, CO, or order, the principal sum of EIGHTY SEVEN THOUSAND ONE HUNDRED Dollars (\$87,100.00) (the "Total Principal Balance"), or whatever lesser balance may be unpaid, plus interest on the unpaid principal balance from and after the later of the date of this Operating Note and Loan Agreement ("Note") or the date of disbursement, at an initial interest rate of 12.00 percent per annum which rate shall be changed as provided for hereafter. The interest rate in effect under this Note on any date is the "Current Interest Rate." Lender shall, until default or maturity, advance sums at Borrower's request and in accordance with any governing budgets under the Loan Documents, provide, however, that the total of all principal advanced shall not exceed the amount stated above and provided further that the unpaid principal balance outstanding at any point in time shall not exceed the sum of EIGHTY SEVEN THOUSAND ONE HUNDRED Dollars (\$87,100.00) (the "Maximum Outstanding Balance").

**Prime Based Interest Rate:** Borrower agrees to pay interest on the unpaid principal balance of the Loan on any given date at an interest rate equal to the base rate charged on loans at Citibank, N.A. ("Index Source") in effect on such date plus 3.00 percent per annum. This interest rate may change at any time. Borrower may prepay principal in advance of its maturity without fee.

**Index and Index Source:** Rates are based on an actual 365/366 day year. If the Index or Index Source becomes unavailable during the loan term, Lender may designate a substitute Index or Index Source to be effective upon notification to Borrower. Interest rates described herein are per annum rates and are calculated on the basis of the actual number of days in the year for the actual number of days elapsed. Any payment under this Note may be applied as of the date of receipt first to accounts receivable, then to accrued and unpaid interest, other amounts then due, and any remainder to the unpaid principal balance. Subject to the preceding sentence, Borrower may at any time pay any amount of principal in advance of its maturity without penalty. Unless Lender otherwise elects, any such payment shall reduce the principal balance owing, but shall not alter the obligation to pay full installments as provided in the Note.

Borrower agrees to make payments in accordance with any governing budget and as provided in the Loan Documents.

**Default:** Time is of the essence. A "Default" shall occur upon the failure of Borrower to make any payment or perform any covenant or obligation when required to be paid or performed by this Note or the Loan Documents. In the event of any default, at Lender's option, without notice or demand, the unpaid principal balance, plus all accrued and unpaid interest thereon, and all other amounts due, shall immediately become due and payable and bear interest thereafter at the per annum rate equal to the Current Interest Rate at the time of acceleration. A default under this note shall constitute a default under all notes executed by Borrower to Lender.

**Advances, Fees and Costs:** All sums advanced by Lender to protect its interests hereunder or under the Loan Documents shall be payable on demand and shall become a part of the unpaid principal balance evidenced by this Note. Borrower shall pay Lender on demand all attorney fees and costs incurred to protect or enforce any of Lender's rights in bankruptcy, appellate proceedings, or otherwise, under this Note or the Loan Documents. Lender may charge interest on advances, fees and costs at the Current Interest Rate from the date such advances, fees and costs are advanced or paid by Lender.

**General Provisions:** Borrower agrees to this Note as of the date first-above written. The Loan Documents shall include the Note, security documents, and all documents and instruments of any kind executed by Borrower in connection with this Note and any amendments thereto. Borrower waives presentment for payment, demand, notice of nonpayment, protest, and notice of protest, diligence in enforcing payment of this Note, and all other defenses. This Note and the Loan Documents constitute the entire agreement between Borrower and Lender and supersede all prior oral negotiations and promises which are merged into such writings. Upon written agreement of the parties, the interest rate, payment terms or balance due under this Note may be indexed, adjusted, renewed or renegotiated. Borrower agrees that Lender may at any time, without notice, release all or any part of the security for this Note, including any real estate and/or personal property covered by the Loan Documents; grant one or more extensions, deferments, renewals or reamortizations of any part of the loan evidenced by this Note over any period of time; and release from personal liability any one or more of the parties who are or may become liable for the loan evidenced by this Note without affecting the personal liability of any other party. Lender may exercise any and all rights and remedies available at law or in equity or provided herein or in the Loan Documents. Any delay or omission by Lender in exercising a right or remedy shall not waive that or any other right or remedy. No waiver of default by Lender shall operate as a waiver of the same or any other default on a future occasion. Each Borrower shall provide annually, within 90 days of the end of Borrower's fiscal year, in a form prescribed by or acceptable to Lender, a current balance sheet and income and expense statement that have been certified as true and correct. Borrower agrees to take any action requested by Lender to perfect or continue the lien and priority of the Loan

to renew this operating loan or any part thereof or to make additional or future operating loans to Borrower. However, if such loans are made within the duration of this Note, each such loan shall be made subject to the terms and conditions of this Note and the Loan Documents, and any amendments thereto and, together with any indebtedness existing at that time, shall be evidenced by such other note(s) and Loan Documents as Lender may require in its sole discretion.

Security: This Note is secured by a security interest in property as described by the following Loan Documents:

#### Security Agreement

Special Terms and Conditions: This loan is subject to the terms and conditions of this Note and the Loan Documents, including, but not limited to, any Loan Documents or loan conditions which may be referenced below:

- a. Borrower has the power and authority to enter into and perform this Agreement and the Loan Documents and to incur the indebtedness provided for therein. Borrower has taken all action necessary to authorize the execution, delivery and performance of this Agreement and the Loan Documents. Borrower has prepared all financial information provided to Lender in accordance with customary accounting principles consistently applied, and such information fully and fairly describes the financial condition of Borrower. No representation, information or warranty contained herein or in any loan application or document furnished by Borrower contains any untrue statement of material fact or omits a material fact.
- b. Borrower does hereby covenant that so long as any indebtedness under any Loan Documents with Lender remains unsatisfied, Borrower will comply with the following covenants. Borrower will pay when due all taxes, assessments and charges imposed on Borrower or Borrower's property. Borrower will, when requested to do so, make available for examination and inspection by duly authorized representatives of Lender, any of Borrower's books, records, and any of the collateral for any loan with Lender, and will furnish Lender any information regarding Borrower's business and/or financial condition within a reasonable time of the written request therefore, including but not limited to, copies of Borrower's federal or state income tax returns. Borrower will not furnish Lender any document that contains any untrue statement of material fact or that fails to state a material fact.
- c. So long as any indebtedness under any Loan Documents with Lender remains outstanding, Borrower authorizes Lender to verify Borrower's credit history or credit worthiness at any time with any credit source, including, but not limited to, obtaining any consumer or other credit bureau reports. Borrower further authorizes Lender to provide credit information concerning Borrower's loans to other lenders or potential lenders to Borrower including after payment of all indebtedness to Lender by Borrower, and to disclose financial information concerning Borrower or this loan to potential participants in this loan.
- d. Nothing herein or in the Loan Documents shall be construed to obligate Lender to renew or refinance a loan or any part thereof or to make any additional or future loan or advance to Borrower.
- e. Lender shall have no obligation to make any advance to Borrower on this Note until: (i) the lien created by the Security Agreement of even date is perfected and in a first position priority as to all collateral described therein, (ii) all Loan Documents have been duly executed by Borrower, and (iii) any required guaranty has been duly executed by the Guarantor and delivered to Lender. Upon the occurrence of a Default, Lender's obligation to make further advances on this Note shall immediately terminate.

Choice of Law: This Note shall be governed by Washington law.

Under Idaho Law, a promise or commitment to lend money or to grant or extend credit in an original principal amount of fifty thousand dollars (\$50,000) or more, made by a person or entity engaged in the business of lending money or extending credit is invalid unless the same or some note or memorandum thereof is in writing and signed by the party liable, or by her/his agent.

  
Lynn E. Ketterling

  
Rebecca Jeanne Ketterling

**PROMISSORY NOTE**

Principal	Loan Date	Term	Rate	Notes
\$95,100.00	07-03-2001	365	8.750%	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Lynn E. Ketterling  
Rebecca Jeanne Ketterling  
100 North 160 West  
Rupert, ID 83360

**Lender:** Western Farm Service, Inc.  
Western Farm Service, Inc.  
12A E Frontage Rd N  
PO Box 47  
Jerome, ID 83338-0047

**Principal Amount:** \$95,100.00

**Initial Rate:** 8.750%

**Date of Note:** July 3, 2001

**PROMISE TO PAY.** Lynn E. Ketterling and Rebecca Jeanne Ketterling ("Borrower") jointly and severally promise to pay to Western Farm Service, Inc. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ninety-five Thousand One Hundred & 00/100 Dollars (\$95,100.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on June 1, 2002. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and any unpaid interest, and any remaining amount to principal. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the rate of the annual interest rate over the number of days in a year (365 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Citibank, N.A., Prime Rate (the "Index"). The index is not necessarily the lowest rate charged by Lender on its loans. If the index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each Day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 6.750% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 2.000 percentage points over the index, resulting in an initial rate of 8.750% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

**PREPAYMENT.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: North American Ag Funding, PO Box 2570 Spokane, WA 99220-2570.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the total sum due under this Note will bear interest from the date of acceleration or maturity at the variable interest rate on this Note. The interest rate will not exceed the maximum rate permitted by applicable law.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing this loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantors.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

Page 2

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## Security Agreement

Customer/Note No. 100090 - 141

This agreement, dated May 4, 2000, between Lynn E. Ketterling and Rebecca Jeanne Ketterling, husband and wife ("Debtor"), whose address is

100 North 160 West  
Rupert, ID 83350

and Western Farm Service, Inc., a corporation ("Secured Party"), which office address is

4582 S Ulster St  
Suite 1400  
Denver, CO 80237.

The undersigned Debtor is or will become indebted to Secured Party and may from time to time hereafter request additional loans and advances from Secured Party and desires to give security or additional security to secure the payment and performance of all such indebtedness and obligations of Debtor to Secured Party as hereinafter described. THEREFORE, as security for the repayment of the Note(s), in accordance with the terms therein, executed and delivered by Debtor to Secured Party and described as follows:

Date of Note	Amount of Note	Final Maturity Date of Note
May 4, 2000	\$87,100.00	June 1, 2001

Debtor hereby gives and grants to Secured Party a continuing security interest in the property and goods described below. The Collateral secures the debt evidenced by the above described Notes including any amendments, extensions or renewals thereof, all interest which shall accrue thereon, all additional advances or loans hereafter made to or for Debtor, whether or not evidenced by Note, repayment of all sums hereafter expended by Secured Party for maintenance, preservation or transportation of the Collateral or for enforcement of the Security Agreement and for all other obligations of Debtor to Secured Party, direct or indirect, absolute or contingent, now existing or hereafter arising.

### I. Collateral

The Collateral includes those things below:

**MACHINERY, EQUIPMENT AND MOTOR VEHICLES:** All machinery, equipment and motor vehicles, whether for farming or business, supplies, tools, parts, accessories, or replacements and goods of every kind and description now owned or hereafter acquired, including but not limited to the following:

YEAR:		KIND:	Thinner
MAKE:	John Deere	SERIAL #:	
MODEL:	unk	QUANTITY:	2
SIZE:	unk		
YEAR:		KIND:	Harvester
MAKE:	Parma	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	8 Row		
YEAR:		KIND:	Defoliator
MAKE:	Parma	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	8 Row		
YEAR:		KIND:	Cultivator
MAKE:	Alloway	SERIAL #:	
MODEL:	2040	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Drill Press - Wheel
MAKE:	Great Plain	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		

YEAR:		KIND:	Planter
MAKE:	John Deere	SERIAL #:	
MODEL:	7340	QUANTITY:	1
SIZE:	8 Row		
YEAR:		KIND:	Forage Harvester
MAKE:	John Deere	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Windrower Header
MAKE:	New Holland	SERIAL #:	
MODEL:	2114	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Baler
MAKE:	New Holland	SERIAL #:	
MODEL:	428	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Loaf Stacker
MAKE:	John Deere	SERIAL #:	
MODEL:	200	QUANTITY:	2
SIZE:	unk		
YEAR:		KIND:	Loaf Stack Mover
MAKE:	homemade	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Bean Cutter
MAKE:	homemade	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Ditcher
MAKE:	Meyer	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Chisel Plow
MAKE:	Massey Ferguson	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Corrugate Opener
MAKE:	Bauer	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Disc Off-Set
MAKE:	IHC	SERIAL #:	
MODEL:	770	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Landplane
MAKE:	Eversman	SERIAL #:	
MODEL:	1600	QUANTITY:	1
SIZE:	16' Wide		
YEAR:		KIND:	Plow Switch
MAKE:	John Deere	SERIAL #:	
MODEL:	965	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Ripper
MAKE:	John Deere	SERIAL #:	
MODEL:	900	QUANTITY:	1
SIZE:	unk		

YEAR:		KIND:	Roller Harrow
MAKE:	Smyser	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Corrugator
MAKE:	Homemade	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Tractor
MAKE:	John Deere	SERIAL #:	
MODEL:	7800	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Tractor
MAKE:	Ford	SERIAL #:	
MODEL:	9080	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Tractor
MAKE:	John Deere	SERIAL #:	
MODEL:	4555	QUANTITY:	2
SIZE:	unk		
YEAR:		KIND:	Loader
MAKE:	John Deere	SERIAL #:	
MODEL:	544C	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Combine P/U Header
MAKE:	John Deere	SERIAL #:	
MODEL:	214	QUANTITY:	1
SIZE:	14'		
YEAR:		KIND:	Combine Header
MAKE:	John Deere	SERIAL #:	
MODEL:	918	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Combine
MAKE:	John Deere	SERIAL #:	
MODEL:	9400	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Rotary Cutter
MAKE:	Sunshine	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	unk		
YEAR:		KIND:	Sprayer
MAKE:	General Eq.	SERIAL #:	
MODEL:	unk	QUANTITY:	1
SIZE:	500 gallon		

**OTHER COLLATERAL:** All of the following collateral of every kind and description arising out of or in any way related to the Debtor's farming, ranching, agricultural or aquatic operations or activities:

1. Accounts and Chattel Paper. All rights to the payment of money, whether due or to become due and whether or not earned by performance, including but not limited to accounts, revolving fund credits, patronage dividends, chattel paper, leases, conditional sales contracts, and government program payments or subsidies in whatever form.
2. Inventory. Any and all goods, now owned or hereafter acquired by Debtor, which may be held for sale or lease, furnished under any contract for sale or as raw materials, work-in-process, or supplies, and all materials used or consumed in Debtor's operations, including but not limited to harvested crops, feed, seed and livestock held for resale.
3. Instruments and Documents. All negotiable and non-negotiable instruments, documents and securities and any other writings which evidence the right to the payment of money which are not, in themselves, security agreements or leases, and are of a type which is, in the ordinary course of business, transferred by delivery with any necessary endorsement or assignment, including but not limited to stocks, bonds, bills of sale, warehouse receipts, and payment in kind and/or generic commodity certificates.

4. General Intangibles. All general intangibles, including but not limited to all licenses, franchises, leases, grazing privileges, permits, water rights, brands, milk and quantity base certificates or quota rights, revolving fund credits, patronage dividends, marketing agreements, and government program payments or subsidies in whatever form.

**PROCEEDS:** All cash or non-cash proceeds of the sale or other disposition of collateral or accounts receivable or general intangibles arising therefrom. Proceeds include all subsidy payments, in cash or in kind, which may be made to Debtor by any person, entity, or governmental agency, including, but not limited to, payments and entitlements from state and federal farm programs as well as any type of collateral insurance.

**SIMILAR OR AFTER-ACQUIRED PROPERTY:** All property and goods similar to those described above which at any time hereafter may be acquired by Debtor, including but not limited to the following: Any and all additions, and replacements of livestock or poultry, whether branded or marked or unbranded or unmarked; all seed, feed, supplies, and equipment to be used by Debtor in his livestock, fruit or other farming or ranching operations; accessories, replacements, accessions and additions to and substitutions of equipment, and other goods or any part thereof and all products of such after-acquired property and goods.

## II. Debtor's Covenants and Warranties

**A. LIMITATION ON DISPOSITION OF COLLATERAL:** Debtor agrees and promises that farm product collateral (crops, livestock, timber and products thereof) may not be sold and will not be sold without the Secured Party's prior written consent unless the Secured Party is named as joint payee on all checks given as payment (unless otherwise provided herein). Debtor further agrees and promises that any other types of collateral covered hereby may not be sold and will not be sold without the Secured Party's prior written consent.

Debtor agrees and promises to provide Secured Party, on request, with a list of the names and addresses of the buyers, commission merchants or selling agents to whom or through whom the Debtor desires to sell farm product collateral. Debtor further agrees to promptly notify the Secured Party in writing of any additions, deletions, or other changes to that list at least 14 days prior to sale and whenever the information is inaccurate or incomplete. Any sale of farm product Collateral to persons not listed or otherwise contrary to the above provisions constitutes default under the terms of this Agreement and may be a violation of applicable state or federal law.

**B. MAINTENANCE AND PRESERVATION OF SECURITY INTEREST:** (1) Debtor agrees to sign and deliver to Secured Party any financing statements, any amendments and continuations thereof, and any other document or instrument requested by Secured Party at any time to create, perfect or continue the security interest hereby given in the Collateral or to give or provide any direct notice thereof or take other action to protect Secured Party's lien against unauthorized sales pursuant to 7 U.S.C. Section 1631, as amended, or any other similar state or federal law now or hereafter enacted. Debtor agrees and acknowledges that this is a continuing obligation and agrees to sign and deliver said documents at Secured Party's request until the debt(s) or obligation(s) secured by this Agreement are paid in full and termination statements and notices of termination for such Collateral have been given and filed. Debtor hereby authorizes Secured Party to execute and file, at any time, on behalf of Debtor, one or more financing statements with respect to all or any part of the Collateral. (2) Immediately upon Debtor's receipt thereof, Debtor shall deliver or cause to be delivered to Secured Party, with appropriate endorsement and assignment to vest title and possession in Secured Party, all chattel paper, instruments, and documents which Debtor now owns or which it may at any time or times hereafter acquire and which are taken as security by this Agreement.

**C. WARRANTIES:** (1) Debtor is the owner and in lawful possession of the Collateral free and clear of liens, encumbrances and security interests except the security interest hereby granted and will defend the Collateral against the claims and demands of all persons. (2) The marks and brands used above to describe the livestock are the Debtor's recorded or holding marks and brands and carry the title, and all livestock subject to the security interest hereby granted is or will be forthwith marked and branded with the Debtor's recorded or registered holding marks and brands. (3) Debtor will not permit any of the Collateral to be encumbered (other than by Secured Party's security interest), exchanged or removed without first having obtained the written consent of the Secured Party.

**D. OBLIGATIONS TO PAY:** (1) Debtor will pay, when due, all indebtedness secured hereby with interest, together with any rent, taxes, levies, assessments, or other claims which are or may become liens against the Collateral. (2) Debtor agrees to pay on demand the amount of all expenses reasonably incurred by Secured Party in protecting or realizing on the Collateral. In the event that this Agreement or any obligation secured by it is referred to an attorney for protecting or defending the priority of Secured Party's security interest or for collection or realization procedures, Debtor agrees to pay a reasonable attorney's fee, including fees incurred in trial, appellate, bankruptcy court, or fees incurred without suit, and expenses of title search and all court costs of public officials. The sums agreed to be paid in this subparagraph shall be secured hereby.

**E. ADDITIONAL NOTES:** Debtor upon demand will execute and deliver notes payable to the Secured Party or its assigns evidencing advances in excess of the notes herein specifically described and any such notes signed by any person signing this Agreement as Debtor shall be secured hereby; in case such further advances are so made the indebtedness evidenced by the notes herein specifically described shall be preferred over any subsequent advances; and such subsequent advances shall be preferred in the order in which they are made.

F. **OPTIONAL ADVANCES:** It is understood and agreed that nothing herein contained shall be construed to obligate the Secured Party to make any loans or advances to the Debtor and that the sole purpose of this Agreement is to provide Collateral security for presently existing indebtedness and for loans and advances which, in the absolute discretion of the Secured Party, may hereafter be made to the Debtor.

G. **INSURANCE:** Debtor will keep the Collateral fully insured against all hazards for the benefit of the Secured Party in a form and amount acceptable to the Secured Party and will pay all insurance premiums when due.

H. **CARE, DELIVERY AND INSPECTION OF COLLATERAL:** The Debtor agrees that he will properly care for the Collateral; that he will properly harvest, pick, thresh, pack and otherwise prepare for market all crops covered hereby; that in case this Agreement includes fruit, he will properly care for the trees, vines, or other plants on which it is grown; that he will deliver the Collateral and products of any part thereof to the Secured Party upon demand, to be held and/or disposed of by Secured Party as it may elect; and that he will give Secured Party prompt notice of any loss of or damage to the Collateral or any part thereof and permit Secured Party, or its agents, to enter upon the farm at reasonable times for the purpose of inspecting the Collateral and the land, buildings and improvements.

I. **PRESERVATION OF COLLATERAL:** If Debtor fails to attend to and care for the Collateral as herein agreed, the Secured Party at its option may enter upon the premises and perform all things which may be necessary to preserve and/or market the Collateral at Debtor's expense or if Debtor fails to pay, when due, any rent, taxes, levies, assessments, insurance premiums or other claims as herein agreed, the Secured Party at its option may pay the same or any part thereof without waiving its right to enforce this Agreement for default, and all such expenses incurred and amounts paid by Secured Party, including reasonable attorneys' fees, shall be added to the indebtedness hereby secured and bear interest at the current rate from date of payment.

J. **TERM OF AGREEMENT:** This Agreement shall continue in full force and effect until amended, replaced, released or terminated in writing, even if at any time during the term of this Agreement there may not be an outstanding secured obligation or commitment to make advances.

K. **DEFAULT:** Time is of the essence of this Agreement. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:


1. Failure of Debtor to make any payment, when due, of any sum or sums secured by this Agreement;
2. Failure of Debtor to defend the Collateral against any competing claims;
3. Loss, theft, substantial damage, or destruction of the Collateral not fully covered by insurance, or the making of any lien, levy, writ, attachment, execution, seizure or notice of tax lien against Debtor or the Collateral which is not released, bonded or stayed to the satisfaction of the Secured Party within 30 days;
4. Debtor's death, dissolution, termination of existence, or insolvency (defined to include (a) liabilities exceeding assets or (b) inability to pay debts as they come due); assignment for benefit of creditors, appointment of a receiver or the commencement of bankruptcy proceedings by or against Debtor;
5. Whenever the Secured Party in good faith believes that the prospect of payment, performance, or realization on the Collateral is impaired;
6. Failure of Debtor to perform or keep any other covenants, terms, conditions, or provisions of this Agreement or of the Loan Documents between Debtor and Secured Party secured hereby;

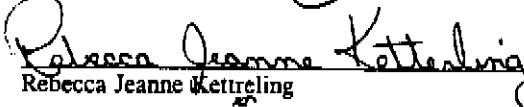
No waiver by the Secured Party of any event of default shall be effective unless in writing, nor operate as a waiver of any other default or of the same default on a future occasion. The note(s), security documents, and any other document or instrument signed in connection with the notes and security documents, and any amendments thereto, are collectively referred to as the "Loan Documents."

L. **REMEDIES:** In the event of any default hereunder, the Secured Party may elect, without notice, that all sums secured hereby shall become immediately due and payable, and in such event Secured Party shall have all of the rights and remedies of a Secured Party under the Uniform Commercial Code - Secured Transactions or other applicable law and all rights and remedies provided herein, to enforce payment thereof, all of which rights and remedies shall, to the full extent permitted by law, be optional and cumulative. Debtor acknowledges that the Uniform Commercial Code provides that, among other remedies, the Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which shall be reasonably convenient to both parties, or the Secured Party, his agent or attorney, or the sheriff of any county in which the above described Collateral or any part thereof may be located, may take immediate possession of said Collateral wherever found, with or without suit or process, and sell the same at public or private sale, with or without notice, and apply the proceeds of said sale to the discharge of the debt, interest and expenses of protecting or realizing on the Collateral, including reasonable attorneys' fees; may obtain a judgment for any deficiency; for livestock Collateral and for other Collateral as may be reasonable under the circumstances, may enter upon any real estate owned or leased by the Debtor and remain thereon for so long a period as may be necessary to properly care for, maintain, remove, and/or sell said Collateral; may become the purchaser at any sale made hereunder; and in any suit for foreclosure hereof, may have a receiver appointed to take possession of the property. The sheriff of any county wherein the Collateral or any part thereof is located is authorized, at the request of the Secured Party and upon delivery of a copy of this Agreement, to take possession of such Collateral and sell the same as provided by law. Any notice of sale or other intended action by Secured Party, sent to Debtor at least five (5) days prior to any such action, shall constitute reasonable notice to Debtor.

### III. Additional Covenants and Warranties

All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind its heirs, executors, administrators, successors and assigns. If there be more than one Debtor their obligations hereunder shall be joint and several. Debtor has caused this Agreement to be executed the day and year first above written.

  
Lynn E. Ketterling

  
Rebecca Jeanne Ketterling  
ejk

# FINANCING STATEMENT

This Financing Statement is presented to filing officer for filing pursuant to the Uniform Commercial Code.

For Filing Officer Use Only

**Debtor #1:**

Lynn E. Ketterling  
100 North 160 West  
Rupert, ID 83350

Tax ID#: 519-66-5958

County of Residence: Minidoka

**Secured Party:**

Western Farm Service, Inc.  
4582 S Ulster St  
Suite 1400  
Denver, CO 80237

**Debtor #2:**

Rebecca Jeanne Ketterling  
100 North 160 West  
Rupert, ID 83350

Tax ID#: 542-72-7806

County of Residence: Minidoka

**Assignee of Secured Party:****Debtor #3:**

Tax ID#:

County of Residence:

No. of Additional Sheets: 3

Prepaid Account #:

Name of record owner of Real Estate:

This financing statement covers the types of collateral listed on Schedule A, attached, now owned or hereafter acquired, including without limitation, the items specifically identified thereon and inventory, accounts and general intangibles including without limitation any and all entitlements and payments from state and federal farm programs and all products and proceeds of any of the above collateral. Disposition of collateral is not authorized and collateral secures present and future loans and advances.

Ag products are produced/located in county(ies).

SEE ATTACHED FOR DETAILS

This statement is filed without the debtor's signature to perfect a security interest in collateral which is already subject to a security interest in another jurisdiction; which is proceeds of the described original collateral which was perfected; as to which the filing has lapsed; or acquired after a change of name, identity or corporate structure of debtor.

**DEBTOR(S) SIGNATURE(S)**

Lynn E. Ketterling

Rebecca Jeanne Ketterling

**SECURED PARTY SIGNATURE**

Western Farm Service, Inc.

By: 

Public Secretary of State  
Authorized Agent

05/24/2008 09:00

CK: 73000177 CT: 84719 BH: 320570

1 @ 6.00 = 6.00 UCC1 FILE # 2  
1 @ 4.00 = 4.00 SEARCH # 3  
3 @ 1.00 = 3.00 ATTACH # 4

## SCHEDULE A

### MACHINERY & EQUIPMENT:

YEAR:		KIND:	Thinner
MAKE:	John Deere	SERIAL #:	
MODEL:	Unknown	QUANTITY:	2
JOINT OWN:	N/A	SIZE:	Unknown
YEAR:		KIND:	Harvester
MAKE:	Parma	SERIAL #:	
MODEL:	Unknown	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	8 Row
YEAR:		KIND:	Defoliator
MAKE:	Parma	SERIAL #:	
MODEL:	Unknown	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	8 Row
YEAR:		KIND:	Cultivator
MAKE:	Alloway	SERIAL #:	
MODEL:	2040	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	Unknown
	<b>SEE ATTACHED FOR DETAILS</b>		
YEAR:		KIND:	Drill Press - Wheel
MAKE:	Great Plain	SERIAL #:	
MODEL:	Unknown	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	Unknown
YEAR:		KIND:	Planter
MAKE:	John Deere	SERIAL #:	
MODEL:	7340	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	8 Row
YEAR:		KIND:	Forage Harvester
MAKE:	John Deere	SERIAL #:	
MODEL:	Unknown	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	Unknown
YEAR:		KIND:	Windrower Header
MAKE:	New Holland	SERIAL #:	
MODEL:	2114	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	Unknown
YEAR:		KIND:	Baler
MAKE:	New Holland	SERIAL #:	
MODEL:	428	QUANTITY:	1
JOINT OWN:	N/A	SIZE:	Unknown
YEAR:		KIND:	Loaf Stacker
MAKE:	John Deere	SERIAL #:	
MODEL:	200	QUANTITY:	2
JOINT OWN:	N/A	SIZE:	Unknown

## SCHEDULE A

YEAR:	KIND:	Loaf Stack Mover
MAKE: homemade	SERIAL #:	
MODEL: Unknown	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Bean Cutter
MAKE: homemade	SERIAL #:	
MODEL: Unknown	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Ditcher
MAKE: Meyer	SERIAL #:	
MODEL: Unknown	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Chisel Plow
MAKE: Massey Ferguson	SERIAL #:	
MODEL: Unknown	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Corrugate Opener
MAKE: Bauer	SERIAL #:	
MODEL: Unknown	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Disc Off-Set
MAKE: IHC	SERIAL #:	
MODEL: 770	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Landplane
MAKE: Eversman	SERIAL #:	
MODEL: 1600	QUANTITY: 1	
JOINT OWN: N/A	SIZE: 16' Wide	
YEAR:	KIND:	Plow Switch
MAKE: John Deere	SERIAL #:	
MODEL: 963	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Ripper
MAKE: John Deere	SERIAL #:	
MODEL: 900	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	
YEAR:	KIND:	Roller Harrow
MAKE: Smyser	SERIAL #:	
MODEL: Unknown	QUANTITY: 1	
JOINT OWN: N/A	SIZE: Unknown	

SEE ATTACHED FOR DETAILS

## SCHEDULE A

<b>YEAR:</b> <b>MAKE:</b> Homemade <b>MODEL:</b> Unknown <b>JOINT OWN:</b> N/A	<b>KIND:</b> Corrugator <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> John Deere <b>MODEL:</b> 7800 <b>JOINT OWN:</b> N/A	<b>KIND:</b> Tractor <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> Ford <b>MODEL:</b> 9080 <b>JOINT OWN:</b> N/A	<b>KIND:</b> Tractor <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> John Deere <b>MODEL:</b> 4555 <b>JOINT OWN:</b> N/A	<b>KIND:</b> Tractor <b>SERIAL #:</b> <b>QUANTITY:</b> 2 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> John Deere <b>MODEL:</b> 544C <b>JOINT OWN:</b> N/A	<b>KIND:</b> Loader <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> John Deere <b>MODEL:</b> 214 <b>JOINT OWN:</b> N/A	<b>KIND:</b> Combine P/U Header <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> 14'
<b>YEAR:</b> <b>MAKE:</b> John Deere <b>MODEL:</b> 918 <b>JOINT OWN:</b> N/A	<b>KIND:</b> Combine Header <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> John Deere <b>MODEL:</b> 9400 <b>JOINT OWN:</b> N/A	<b>KIND:</b> Combine <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> Sunshine <b>MODEL:</b> Unknown <b>JOINT OWN:</b> N/A	<b>KIND:</b> Rotary Cutter <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> Unknown
<b>YEAR:</b> <b>MAKE:</b> General Eq. <b>MODEL:</b> Unknown <b>JOINT OWN:</b> N/A	<b>KIND:</b> Sprayer <b>SERIAL #:</b> <b>QUANTITY:</b> 1 <b>SIZE:</b> 500 gallon

STATE OF ID - STATEMENT OF CONTINUATION.  
AMENDMENT, ETC. - FORM UCC-3

Filing Office Use only

Instructions:

1. PLEASE TYPE THIS FORM IN BLACK
2. Enclose filing fee of \$5.00 if form is typed, or \$10.00 if not typed. For attachments, add \$1.00 per printed page
3. File only the original. Make copies for your file. The original will be returned as your acknowledgment.
4. Enter only one debtor's name or assumed name per debtor block exactly as it is to be indented. If more than four names, use an attached sheet.  
Enter individual debtor names: Last, First Middle Title, e.g. Smith, John Alan Jr.
5. Be sure to correctly enter the UCC-1 Financing Statement number assigned by the filing officer.
6. One or more transactions may be made by a UCC-3. Check the appropriate boxes.

Form approved by Pete T. Cenarrusa, Secretary of State, UCC Division, Statehouse, Boise, ID 83720. Ph 208-334-3191.

Debtor #1 (Last name, first, middle, title & mailing address)

Lynn E. Katterling 519-66-5958  
100 North 160 West  
Rupert, ID 83350

Debtor #3

Debtor #2

Rebecca Jeanne Katterling 542-72-7806  
100 North 160 West  
Rupert, ID 83350

Debtor #4

Name and Address of Secured Party or Assignee of Record  
Western Farm Service, Inc.  
4562 Ulster St.  
Suite 1400  
Denver, CO 80237

This statement refers to UCC-1 financing  
statement No. B 870734  
filed on 05-24-2000

☐ CONTINUATION. The original financing statement bearing file number shown above is still effective.

☐ TERMINATION. Secured party no longer claims a security interest under the financing statement bearing file number shown above.

☐ ASSIGNMENT. The secured party's right under the financing statement bearing file number shown above has been assigned to the assignee shown below.

☒ AMENDMENT. Financing statement bearing file number shown above is amended as set forth below.

☐ RELEASE. Secured party releases the collateral described below from the financing statement bearing the file number shown above.

Mailing Address for acknowledgment, if not Secured Party

Amendment or release information:

Assignee of secured party and address:

Amend secured party address to:

Western Farm Service, Inc.  
P.O. Box 47  
Jerome, ID 83338

Signature(s) of debtor(s) (required for all amendments except change of Secured Party name or address, change of debtor address, or notice of subordination)

Signature of Secured Party or Assignee of Record

Filing Office Use only

IDAHO SECRETARY OF STATE  
06/21/2000 09:00  
CX: 73000285 CF: 84719 BH: 328150  
1 @ 6.00 = 6.00 UCC3 # 2

Filing Number: B 6368609